

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AGRE-00 STRE-00 SAM-01 SSO-00

NSCE-00 USIE-00 INRE-00 FEA-01 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 PRS-01 SP-02 OMB-01 EURE-00 /090 W

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O R 071840Z OCT 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 2062

INFO ALL EC CAPITALS IMMEDIATE 2576

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 09866

ALSO PASS USDA ELECTRONICALLY; ALSO PASS STR ELECTRONICALLY

E.O. 11652: GDS

TAGS: ETRD, MTN EEC

SUBJECT: AMBASSADOR WALKER'S VISIT TO BRUSSELS: CONVERSATION  
WITH EC OFFICIALS

1. SUMMARY: COMMISSION'S DISCUSSION WITH AMBASSADOR WALKER  
HELD OPEN PROSPECT FOR SPRING MTN MINISTERIAL, BUT MEMBER  
STATES HAVE TO BE BROUGHT ROUND. AGRICULTURAL DISCUSSIONS  
REVEALED BAD GENERAL ATMOSPHERE, SPLIT IN COMMISSION THINK-  
ING, SUSPICION OF MOTIVES BUT EC BELIEF THAT AGRICULTURAL  
GROUP MEETING WAS NECESSARY TO UNBLOCK DISCUSSIONS IN OTHER  
GROUPS. ALL HINGED ON WHETHER TWO SIDES COULD AGREE ON HOW  
TO KEEP MEETING UNDER CONTROL. MEMBER STATES REMAIN OBSTACLE  
TO INCLUSION OF SUPPLY ACCESS IN FRAMEWORK GROUP. EC MAY EVENTU-  
ALLY AGREE TO SIMPLE RENEWAL OF MFA, BUT COMMISSION SAYS WORST  
TACTIC IS TO SEEK QUICK EC MANDATE. END SUMMARY.

2. EC VICE PRESIDENT FOR EXTERNAL RELATIONS SIR CHRISTOPER  
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SOAMES HOSTED A DINNER IN HONOR OF AMBASSADOR WALKER ON

OCTOBER 6. OTHER EC PARTICIPANTS WERE INTERNAL MARKET COMMISSIONER GUNDELACH, SOAMES' CHEF DE CABINET DAVID HANNAY, AGRICULTURE DIRECTOR GENERAL LOUIS-GEORGES RABOT, EXTERNAL RELATIONS DIRECTOR EAMON GALLAGHER AND EC MTN DELEGATION HEAD PAUL LUYTEN. AMBASSADOR HINTON AND SEVERAL USEC OFFICERS ALSO ATTENDED. DINNER PROVIDED AN OPPORTUNITY FOR REVIEW OF MAJOR MTN ISSUES AS WELL AS TEXTILE AGREEMENT RENEWAL. HIGHLIGHTS OF CONVERSATION FOLLOW.

### 3. 1977 TERMINATION MINISTERIAL MEETING

AMBASSADOR WALKER PRESENTED US RATIONALE FOR CONTINUED STRONG INTEREST IN 1977 TERMINATION DATE FOR MTN, TOUCHING ON 1978 ELECTIONS IN FRANCE AND US ON POLITICAL SIDE AND PROBABLE GENERALLY GOOD ECONOMIC SITUATION IN 1977. ALL EC OFFICIALS INDICATED FIRM AGREEMENT ON DESIREABILITY OF 1977 TERMINATION. HANNAY ADDED THAT PUBLIC REFERENCE TO FRENCH ELECTION WAS NOT LIKELY TO MAKE THINGS ANY EASIER WITHIN THE EC; US SIDE ACCEPTED THE POINT. IN LONG DISCUSSION ON POSSIBLE MINISTERIAL MEETING OF THE TNC, EC SIDE (LARGELY SOAMES AND GALLAGHER) OUTLINED EVOLUTION OF MEMBER STATE THINKING, FROM INITIAL WIDE-SPREAD RELUCTANCE TO SITUATION AT PRESENT WHICH GIVES PROMISE OF A FUTURE FAVORABLE POSITION. (RELUCTANCE HAS STEMMED LARGELY FROM FEAR OF EFFORTS BY LDC MINISTERS PUSHING FOR UNHELPFUL DECISIONS) EARLIER INTEREST IN A JUNE DATE ON THE PART OF SOME MEMBER STATES HAS ALSO WANTED. SOAMES AGREED THAT TOKYO IS TOO FAR IN THE PAST AND THE NEGOTIATIONS DO NEED ANOTHER MINISTERIAL SHOVE. HE SAID THAT MOST LIKELY OUTCOME IS EC AGREEMENT TO HOLD MINISTERIAL IN LATE FEBRUARY OR MARCH. WHEN ASKED WHEN EC WOULD BE ABLE TO AGREE, SOAMES ANSWERED "BEFORE CHRISTMAS". GUNDELACH STRESSED THAT PARTICIPANTS SHOULD HAVE DECIDED WELL BEFORE MINISTERIAL ON PROCEDURES FOR RAPID PROGRESS IN NEGOTIATIONS RIGHT AFTER THE MINISTERIAL. IF NEGOTIATIONS CANNOT MOVE SHARPLY AHEAD AFTER THE MINISTERIAL IT WOULD BE ROBBED OF ITS PURPOSE. NO ONE SHOULD EXPECT THE MINISTERS ACTUALLY TO NEGOTIATE. SPECIFICALLY, EC SIDE (GALLAGHER AND GUNDELACH) WOULD NOT AGREE WITH WALKER'S SUGGESTION THAT TIME MIGHT BE RIPE FOR AGREEMENT ON TARIFF FORMULA AND EXCEPTIONS/JACKAGE AT THAT MEETING. EC SIDE  
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EXPRESSED REGRET THAT US HAD "GONE PUBLIC" ON MINISTERIAL MEETING, INDICATING THAT THIS COMPLICATED THEIR INTERNAL DISCUSSION BUT WOULD NOT PRECLUDE EVENTUAL FAVORABLE OUTCOME.

### 4. AGRICULTURE

DISCUSSION OF AGRICULTURE CONSUMED ALMOST ALL OF THE REST OF THE EVENING. SOAMES OPENED BY NOTING THAT COMMUNITY HAS

A "SPECIAL ATTACHMENT" FOR AGRICULTURE, ADDING THAT IT IS SENSITIVE FOR POLITICAL AND SOCIAL, NOT ECONOMIC, REASONS. HINTON STATED THAT THERE IS A GREATER APPRECIATION FOR THIS ASPECT OF COMMUNITY AGRICULTURAL POLICY IN USG NOW THAN IN PAST. WALKER AGREED. HE STATED, AND SOAMES CONCURRED, THAT BOTH SIDES REALIZE THAT THERE MUST BE A SERIOUS NEGOTIATION ON AGRICULTURE AND BOTH ACCEPTED THAT THIS NEGOTIATION COULD NOT BEGIN UNTIL AFTER THE NEW YEAR. WALKER AGAIN EMPHASIZED THAT WE WERE NOT OUT TO DESTROY CAP AND SAID EC SHOULD NOT LET PRESS REPORTS DISTORT BASIC US POSITIONS.

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O R 071840Z OCT 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 2063

INFL ALL EC CAPITALS IMMEDIATE 2577

AMEMBASSY TOKYO

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5. ON THE PROCEDURAL QUESTION OF MEETINGS THE DISCUSSION WAS HEATED AND ENDED AT SAME POINT AT WHICH IT BEGAN, I.E., CAN A SCENARIO BE CONSTRUCTED TO PERMIT A NON-CONTROVERSIAL HOUSE-KEEPING MEETING OF THE AGRICULTURE GROUP BEFORE THE END OF THE YEAR. WALKER SAID THAT WE WERE WILLING TO HOLD AN AGRICULTURE GROUP MEETING IF THE THREAT OF AN EXPLOSION COULD BE AVOIDED, BUT THIS REQUIRED KNOWING EXACTLY WHERE IT WOULD GO ON ALL THE AGENDA ITEMS. HE THOUGHT THAT THERE WAS US/EC AGREEMENT ON THREE POINTS DATING FROM JANUARY

DENT-SOAMES UNDERSTANDING: (1) THE DESIRABILITY OF MINIMIZING MULTILATERAL MEETINGS ON AGRICULTURE; (2) WHEN SUCH MEETINGS BECAME NECESSARY THEY SHOULD FUZZ UP DIFFERENCES NOT SHARPEN THEM; AND (3) IN DOING THIS NEITHER ONE OF US SHOULD GIVE UP FUNDAMENTAL POSITIONS ON AGRICULTURE. EC SIDE SHOWED CONSIDERABLE SPLIT ON MEETING ISSUE. LUYTEN, SUPPORT BY GALLAGHER, ARGUED REPEATEDLY THAT A MEETING WAS ESSENTIAL TO UNBLOCK DISCUSSION ON SEVERAL ISSUES, PARTICULARLY STANDARDS, WHICH CANNOT GO FORWARD UNTIL AGRICULTURE GROUP HAS OFFICIALLY TAKEN NOTE OF WORK IN THESE AREAS. FOR MOST OF THE EVENING, GUNDELACH STRONGLY DISAGREED, STATING THAT INDUSTRIAL

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STANDARDS WORK HAD ITS OWN INTERNAL DYNAMICS AND DIFFICULTIES THERE DID NOT STEM FROM THE AGRICULTURAL QUESTION HE ASKED WHY SOME AD HOC SET OF MEETINGS, OR OTHER PROCEDURAL INNOVATION, COULD NOT TAKE CARE OF THE UP-COMING ITEMS WHICH LUYTEN CITED. HE FEARED A POLITICAL EXPLOSION IF THE AGRICULTURE GROUP MET. RABOT, IN RESPONSE TO REPEATED QUESTIONS FROM SOAMES, CONSISTENTLY STATED THAT NO MEETING WAS NECESSARY FROM A DISTINCTLY AGRICULTURAL POINT OF VIEW BUT THAT ONE WOULD BE USEFUL, FOR THE REASONS CITED BY LUYTEN, IF IT COULD BE HELD WITHOUT PROVOKING OPEN SPLIT. THOUGH THERE WAS SOME POSSIBILITY OF LATER FLEXIBILITY IN THE EC'S MANDATE, THAT WAS NOT THE CASE NOW. HE WAS UNWILLING TO HOLD AN AGRICULTURAL GROUP MEETING IF THE EC HAD TO PAY THE PRICE OF BACKING DOWN ON ITS POSITION OR IF THE MEETING WAS TO RESULT IN A FIGHT. BOTH LUYTEN AND RABOT CLAIMED THAT THE COMMISSION WAS UNDER CONSIDERABLE PRESSURE FROM INTERESTED MEMBER STATES TO HAVE A MEETING AT WHICH THE EC FUNDAMENTAL POSITION ON THE DISTINCTIVENESS OF AGRICULTURE COULD BE REAFFIRMED. COMMISSION SIDE CLAIMED THAT THE ATMOSPHERE ON THE AGRICULTURAL ISSUES WAS BAD AND CONSIDERABLY WORSENERED BY RECENT SERIES OF US COMPLAINTS IN THE GATT. WALKER RESPONDED THAT US COMPLAINTS WERE ONLY RESPONSES TO ACTIONS TAKEN BY THE EC.

6. AFTER LONG GO-AROUND, GUNDELACH CONCLUDED THAT NOW HE WAS CONVINCED THAT AN AGRICULTURE GROUP MEETING WAS NECESSARY, NOT SO MUCH FOR THE HOUSEKEEPING REASONS CITED BY LUYTEN, BUT FOR PSYCHOLOGICAL REASONS; THERE WAS A NEED TO CLEAR THE AIR ON THE EC SIDE. SOAMES FUMED THROUGH MOST OF THE DISCUSSION, OCCASIONALLY DEMANDING FROM WALKER AND EC OFFICIALS WHETHER THERE WAS REAL SUBSTANTIVE REASON FOR A MEETING ON EITHER SIDE. HE SUMMARIZED HIS CONCLUSIONS BY STATING THAT HE HAD HEARD THAT THE ATMOSPHERE ON THIS ISSUE WAS BAD AND NOW HE WAS THOROUGHLY CONVINCED THAT THIS WAS SO. HE SAID HE WOULD HAVE TO DISCUSS THIS DURING WASHINGTON CONSULTATIONS, BUT IN MEANTIME HE URGED LUYTEN AND WALKER TO GET TOGETHER AS SOON AS POSSIBLE TO SEEK TO WORK OUT A SCENARIO FOR NON-ACRIMONIOUS AGRICULTURE GROUP MEETING.

7. TEXTILES

AMBASSADOR WALKER EXPRESSED CONCERN THAT OUR EARLIER TRIPARTITE  
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AGREEMENT ON THE NEED TO PUSH FOR EARLY RENEWAL OF THE MFA  
WAS BEING ABANDONED BY THE EC. THIS ISSUE MUST BE SETTLED  
SOON SO IT CAN BE KEPT OUT OF MTN. EC SIDE (PARTICULARLY SOAMES  
AND HANNAY) ARGUED THAT COMMISSION STRATEGY HAD NOT CHANGED  
IN THE LEAST BUT THAT EXTRAORDINARY MEMBER STATE PRESSURES  
FOR RESTRICTIVE AMENDMENTS TO THE MFA REQUIRED A CHANGE IN  
TACTICS. IF EC SEEKS NOW OR NEXT MONTH A MANDATE TO RENW,  
IT IS CERTAIN THAT THE US SIDE WOULD NOT AT ALL LIKE THE  
MANDATE WHICH THE MEMBER STATES WOULD INSIST UPON. BECAUSE  
OF THESE INTERNAL PRESSURES, COMMISSION IS PLANNING TO  
PURSUE A DIFFERENT TACTICAL APPROACH, WAITING FOR THE US  
AND JAPANESE ON ONE SIDE AND THE LDC'S ON THE OTHER TO  
PRESSURE THEM INTO DEVELOPING A MANDATE FOR SIMPLE RENEWAL.  
EC REMAINED INTERESTED IN EARLY RENEWAL AND WAS REASONABLY  
CONFIDENT THAT THIS TACTICAL APPROACH IN THE END WOULD  
ENABLE IT TO AGREE TO AN EARLY RENEWAL OF THE MFA AS IT IS.  
THEY AFFIRMED THAT THEY WOULD PLAY OUT THIS SCENARIO TO  
ASSURE RENEWAL OF MFA AS SUCH AND WOULD NOT PULL ANY SUR-  
PRISES ON US.

8. FRAMEWORK GROUP

DINNER CONCLUDED WITH A SHORT INCONCLUSIVE DISCUSSION OF THE  
FRAMEWORK GROUP. US SIDE INDICATED ITS DESIRE TO INCLUDE  
SUPPLY ACCESS DISCUSSION AS A NECESSARY COUNTER BALANCE TO  
LDC DEMANDS. EC SIDE EXPRESSED SOME UNDERSTANDING ON THE  
NEED FOR A RESTRICTED AGENDA BUT REPEATED THEIR POSITION THAT  
THIS GROUP BEST BE CONFINED TO DC/LDC ISSUES. MOREOVER, EC  
SIDE (LUYTEN) MADE IT CLEAR THAT, FOR THE MOMENT AT LEAST,  
THE MEMBER STATES ARE NOT READY TO PERMIT COMMISSION TO  
AGREE TO THE INCLUSION OF SUPPLY ACCESS IN THE GROUP. HINTON

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